

Tax Rates and Fees

Executive Summary

Topic: Tax Rates and Fees

Description:

- First chart provides an overview of comparative local taxes and fees.
- Second chart provides information on the revenue generated from selected tax rate adjustments, particularly focusing on rates other cities in the region changed in FY 2014.

Analysis:

- Regarding the real estate tax, Portsmouth has the highest rate at \$1.27 and Norfolk stands in the middle of the seven major cities.
- Regarding the hotel and admissions tax, all seven cities have the same tax rate at 8.0% and at 10.0%, respectively.
- Regarding the bed tax, Norfolk has the highest rate at \$2.00 per room per night.
- Regarding the boat tax, Norfolk is third of the seven major cities at \$0.50 along with Portsmouth and Suffolk has the highest rate at \$1.50.
- Regarding the cigarette tax, Norfolk is the fifth of the seven major cities at \$0.75 and Newport News has the highest rate at \$0.85.

Financial Impact: There is no financial impact.

Recommendation(s): No action is required from City Council at this time.

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Overview of Tax Rates and Fees

City Council Retreat
September 23-24, 2013

Local Tax Rates and Fees

Tax / Fee Category	Norfolk	Chesapeake	Hampton	Newport News	Portsmouth	Suffolk	Virginia Beach ¹¹
Real Estate (General)	\$1.15 ¹	\$1.05 ³	\$1.24	\$1.22	\$1.27	\$1.03 ⁵	\$0.93
Special District Tax Rate 1	\$1.31 ²	\$1.04 ⁴				\$1.28 ⁶	\$0.99 ⁹
Special District Tax Rate 2						\$1.135 ⁷	\$1.38 ¹⁰
Personal Property Taxes (per \$100 of assessed value)							
Motor Vehicle	\$4.33	\$4.08	\$4.25	\$4.50	\$5.00	\$4.25	\$3.70
Recreational Vehicles	\$1.50	\$1.58	\$0.000001	\$1.00	\$1.50	\$1.50	\$1.50
Vehicles for Disabled Veterans	\$3.00	\$0.09	\$0.000001	\$1.00	\$5.00	\$4.25	\$1.50
Vehicles for Handicapped	\$4.33	\$0.09	\$0.000001	\$1.00	\$5.00	\$4.25	\$3.00 ¹²
Airplane	\$2.40	\$0.58	n/a	\$2.10	n/a	\$0.58	n/a
Business Furniture, Fixtures, & Equipment	\$4.33	\$4.08	\$4.25	\$4.50	\$5.00	\$4.25	\$3.70
Machinery & Tools	\$4.25	\$3.20	\$3.50	\$3.75	\$3.00	\$3.15	\$0.000001
Watercraft – Business	\$1.50	\$0.09	\$1.00	\$1.00	\$5.00	\$1.50	\$1.50
Watercraft – Recreational	\$0.50	\$0.09	\$0.000001	\$1.00	\$0.50	\$1.50	\$0.000001
Mobile Homes	\$1.15	\$1.05	\$1.04	\$1.10	\$1.23	\$1.03	\$0.89
Other Local Taxes							
Amusement & Admissions	10%	10%	10%	10%	10%	10%	10%
Cigarette (Pack of 20 Cigarettes)	\$0.75	\$0.50	\$0.80	\$0.85	\$0.60	\$0.50	\$0.70
Hotel/Motel Lodging	8%	8%	8%	8%	8%	8%	8%
Bed Tax (Per Room Night)	\$2.00	\$1.00	\$1.00	n/a	n/a	n/a	\$1.00
Restaurant Meal	6.5%	5.5%	7.5%	7.5%	6.5%	6.5%	5.5%
Business, Professional and Occupational Licenses (BPOL)							
License Fee (Gross Receipt Threshold \$100,000)	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Contractors (per \$100)	\$0.16	\$0.16	\$0.16	\$0.15	\$0.16	\$0.16	\$0.16
Retailers (per \$100)	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Wholesale (per \$100)	\$0.15	\$0.12	\$0.15	\$0.20	\$0.15	\$0.09	\$0.12
Repair, Personal & Business Services (per \$100)	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36
Financial, Real Estate & Professional Service (per \$100)	\$0.58	\$0.58	\$0.58	\$0.58	\$0.58	\$0.58	\$0.58
Motor Vehicle License							
Cars & Small Trucks (< 4,000 lbs)	\$26.00	\$23.00	\$35.00	\$26.00	\$25.00	\$26.00	\$26.00
Mid-Size Trucks/Vans (> 4,000 lbs)	\$31.00	\$28.00	\$40.00	\$31.00	\$30.00	\$30.00	\$31.00
Motorcycles	\$15.00	\$8.00	\$17.00	\$24.00	\$24.00	\$24.00	\$24.00

*Compiled by the Budget Office-September 2013

[¹] General Tax

[²] Downtown Improvement District

[³] Non-Mosquito Controlled Area

[⁴] Mosquito Controlled Area

[⁵] General Tax

[⁶] Route 17 Taxing District

[⁷] Downtown Business District

[⁸] General Tax - \$0.78 for Energy Efficient Buildings

[⁹] Sandbridge - \$0.84 for Energy Efficient Buildings

[¹⁰] Central Business District - \$1.23 for Energy Efficient Buildings

[¹¹] Additional Special District Rates: Old Donation Creek (\$1.114), Bayview Creek (\$1.293), Shadowlawn (\$1.0894)

[¹²] Vehicles for Handicapped or Disabled

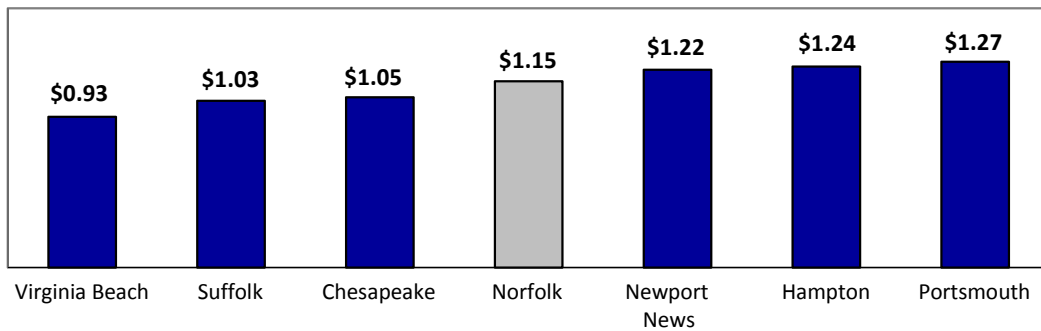
IMPACT OF SELECT TAX RATE CHANGES ON REVENUE

- The chart below provides information on revenue generated from selected tax rate adjustments, particularly focusing on rates other cities in the region have changed in FY 2014.

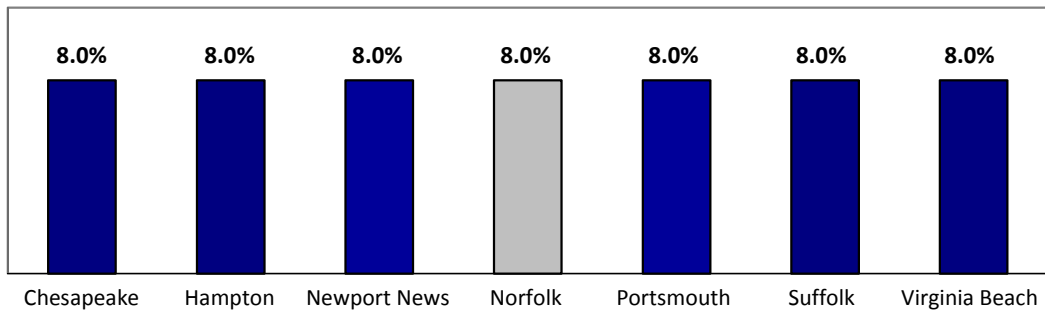
REVENUE SOURCE	NORFOLK'S CURRENT RATE	ESTIMATED REVENUE IMPACT	HIGHEST RATE IN "REGION" ¹	CITY IN REGION AT THE HIGHEST RATE	FY 2014 APPROVED CHANGES
Cigarette	\$0.75/pack of 20 cigarettes	1¢ = \$93,000	85 cents	Newport News	Virginia Beach approved a 5¢ increase from 65¢ to 70¢ per pack
Hotel Tax ²	8% of room rate	1% = \$481,000	8%	All seven cities are at 8%	Newport News approved a 0.5% increase from 7.5% to 8%
Bed Tax	\$2.00 per room/night	\$1 = \$1,000,000	\$2.00	Norfolk	Hampton approved the \$1.00 bed tax in FY 2014
Real Estate	\$1.11/\$100 assessed value	1¢ = \$1,667,800	\$1.27	Portsmouth	Newport News (12¢ increase); Hampton (20¢ increase); Suffolk (6¢ increase); Virginia Beach (2¢ decrease)
Admission s	10% of admission charge	1% = \$400,000	10%	All seven cities are at 10%	Newport News approved a 2.5% increase from 7.5% to 10%

Regional Comparisons of Selected Tax Rates

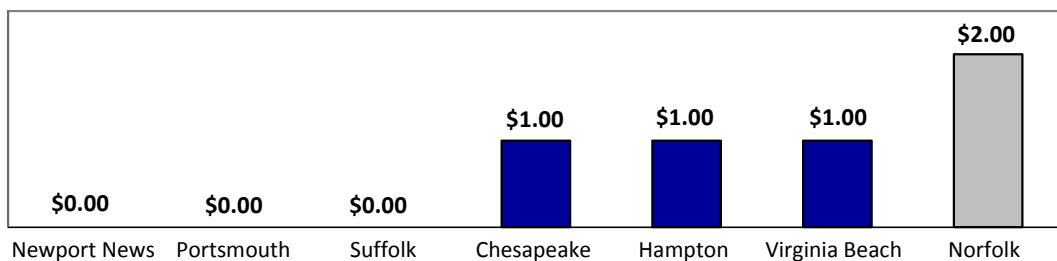
Regional Comparison of REAL ESTATE Tax Rates



Regional Comparison of HOTEL Tax Rates

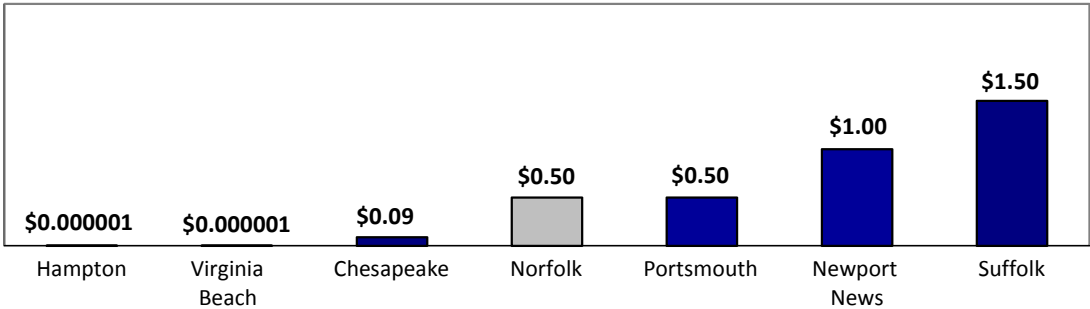


Regional Comparison of BED Tax Rates

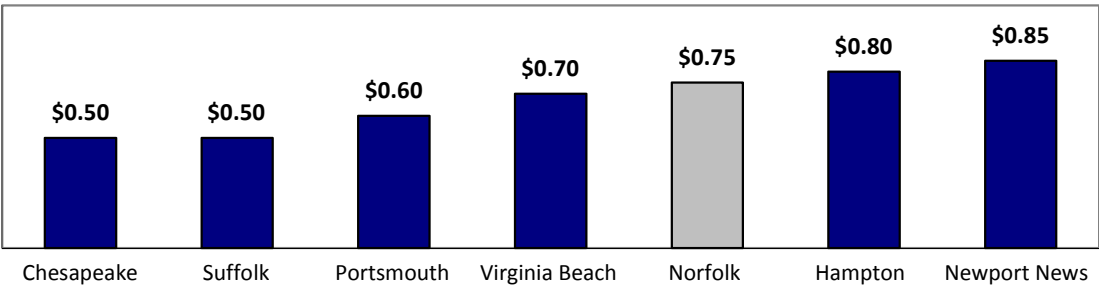


Regional Comparisons of Selected Tax Rates (continued)

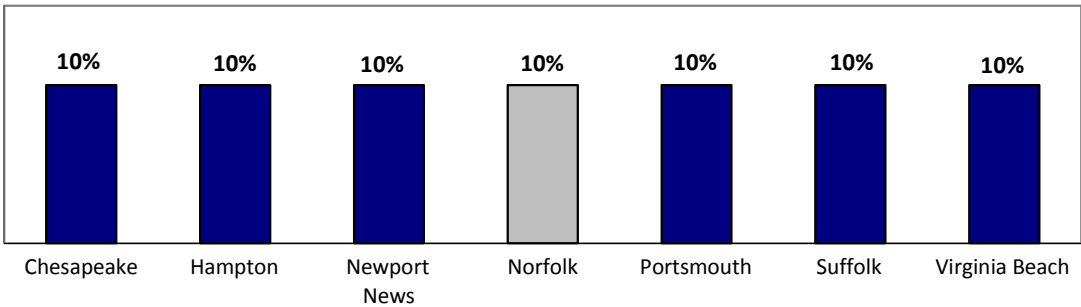
Regional Comparison of BOAT Tax Rates



Regional Comparison of CIGARETTE Tax Rates



Regional Comparison of ADMISSIONS Tax Rates



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